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C O N F I D E N T I A L SECTION 01 OF 05 BRUSSELS 001462

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SUBJECT: A/S BOUCHER DISCUSSES SOUTH ASIA WITH THE EU

Classified By: USEU Political Minister Counselor Larry Wohlers  
for reasons 1.4 (b) and (d).

¶1. (C) SUMMARY: On April 17, Assistant Secretary for South and Central Asian Affairs Richard Boucher led the U.S. South Asia delegation to the COASI (the EU's Asia-Oceania Working Party) Troika on South Asia, discussing Afghanistan, Pakistan, Sri Lanka, U.S.-EU-India relations, and the situations in Nepal and Bangladesh. On Afghanistan and Pakistan, the EU remains a committed financial partner and is preparing to make a significant contribution in the area of policing and justice reform. EU interlocutors expressed growing concern over the rapidly deteriorating situation in Sri Lanka and ongoing concerns in the areas of human and civil rights in Bangladesh. Finally, EU interlocutors emphasized continued EU interest in the U.S.-India Civil Nuclear Initiative and requested more information to help inform EU opinion. END SUMMARY.

Afghanistan: EU focus on police and justice

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¶2. (C) German EU presidency rep and COASI Chair Andreas Michaelis told Boucher that since October, the EU has been drawing lessons from last year's spring insurgency and focusing its efforts on questions of reconstruction and helping the Karzai government become a legitimate actor. In general, discussions at the COASI Troika revealed EU interlocutors remain a committed financial partner.

¶3. (C) On the security situation, Michaelis said that while some areas in the South and East are now neutral territory, security concerns continue to focus on terrorism, with a new emphasis on suicide bombings. Michaelis said he feared the spring insurgency would bring a new wave of suicide attacks, many of which looked to be Iraqi-inspired, and emphasized that the increase in attacks continues to pose a challenge to the legitimacy of the international presence in Afghanistan. Assistant Secretary Boucher replied that we still face a difficult enemy, but noted that we do so with more police, a larger NATO presence, more electricity, and more money for assistance.

¶4. (C) On Pakistan, Michaelis said President Musharraf understood the message on cross-border incursions, but that questions continue to loom within the EU whether Pakistan is doing enough. Specifically, Michaelis questioned Musharraf's ability to manage instability within the Tribal Areas and expressed growing concern over the influence of radical Islamic groups on civil society.

¶5. (C) U.S.-EU assessments on the Karzai government also

differed. Michaelis questioned whether the Karzai government was exerting enough control but credited Afghans for their willingness and desire to begin taking over ownership of reconstruction and security.

¶6. (C) European Council rep Tomasz Kozlowski told Boucher that a small Civilian Response Team would be deployed to Kabul in May to facilitate the planning process for a European Security and Defense Policy (ESDP) mission in the field of policing with linkages to the wider rule of law, with the goal of being fully operational by June 15. Kozlowski said the program would draw on at least 160 people, including third country contributions from countries such as Canada, Norway, Turkey, Switzerland, Ukraine, and New Zealand, among others. The program will be headquartered in Kabul and coordinate with Provincial Reconstruction Teams (PRTs) in 19 provinces. Kozlowski added that 20 EU officers will be placed in the International Police Coordination Board and its Secretariat, and urged the U.S. to consider using the Secretariat for coordination as well. Boucher agreed that

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the Board was a good place for coordination, but was not prepared to give an official response on U.S. staffing.

¶7. (C) European Commission rep Helen Campbell told Boucher the Commission's assistance for the 2006-2010 period will be 610 million Euros and a major new focus will be the justice sector. The Commission plans to deploy justice experts to the Ministry of Justice, Supreme Court, and the Attorney General's office in June to compliment its aid program and dovetail with the European Security and Defense Policy mission. Boucher applauded the EU's emphasis and contributions on policing and justice, and welcomed the June deployment.

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¶8. (C) In addition to responding to concerns about security, Boucher used the Troika to brief the EU on the \$11.8 billion supplemental request before Congress, which was of great interest to EU interlocutors.

¶9. (C) On coordination, Assistant Secretary Boucher emphasized that the United Nations remains the best coordinator for reconstruction. Separately, he noted a NATO/UN international fund for quick impact funds was under consideration. EU interlocutors suggested that while they would welcome an international quick impact fund, there is an even greater need for the relevant mechanisms to implement projects, citing too many hesitations from non-governmental organizations. EU interlocutors noted difficulties finding the right partners to implement certain programs, such as road building, especially in light of the security situation. Boucher acknowledged the EU's concerns and welcomed the Commission's new funding to support small EU Member State Provincial Reconstruction Teams.

Pakistan: Heightened EU concern over Islamist influence

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¶10. (C) Michaelis emphasized that Pakistan is very much on the EU's radar, particularly given its connection to Afghanistan and India's emergence as the "darling of the international investor." In the last year, the EU has sought to engage Pakistan in a deeper political and economic relationship.

¶11. (C) On the subject of the Tribal Areas, interlocutors were fairly pessimistic. Michaelis expressed skepticism over absorption capacity and remarked that because of the security situation, nongovernmental organizations were not able to fully operate in the region. Michaelis acknowledged that Musharraf must walk a tight rope between control and stabilization, noting that the two concepts were not synonymous. Boucher defended Musharraf stating that we don't

have three to five years to act and that the situation required action now. Boucher told interlocutors that a large presence of troops in the Tribal Areas simply wasn't enough and that we were seeing more sophisticated political tactics being adopted.

¶112. (C) Interlocutors expressed grave concern over the rise of Islamist parties and the influence of radical Islamic groups on civil society. Michaelis predicted a bumpy road ahead, citing destabilizing elements in Karachi and the madrassa in Islamabad. With regard to the elections, Michaelis said it was not clear what strategy Musharraf would adopt, and suggested Musharraf was too wrapped up in day-to-day crisis management to have developed a clear strategy. Boucher agreed that it was unlikely Musharraf had a clear strategy but predicted that support would decline for Islamist groups.

¶113. (C) Commission rep Campbell said that the EU was, in principle, ready to observe elections. The Commission will send an exploratory mission to the region. On assistance, Campbell said that the Commission is quadrupling assistance and has earmarked 200 million Euros for the 2007-2010 period.

Focus of Commission assistance will be: rural development; border management in the Peshawar corridor; upgraded rule of law and infrastructure in the North and Northeast; and education, with a focus on moving beyond primary education to include vocational training. Assistance will be implemented by the United Nations' Development Programme.

¶114. (C) Campbell also told Boucher that the EU would hold the first Joint Commission with Pakistan in more than ten years. Discussions will focus on cooperation and trade, with a goal of getting the dialogue back on track. While the Pakistanis have expressed a strong interest in negotiating a Free Trade Agreement with the EU, Campbell confirmed that the EU was not prepared to move ahead on any such agreement at this time.

¶115. (C) On the issue of refugees, Campbell noted that Pakistan wants 200 million refugees to return home. Campbell urged the U.S. and EU to send a coordinated message that we will look at the situation, but that Pakistan needs to be realistic. Boucher agreed in part, noting that we need to ensure resettlement funds are available in Afghanistan as a preliminary matter.

¶116. (C) Finally, concluding the discussion on Pakistan, EU

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interlocutors asked Boucher about the role of the Pakistani Army. According to interlocutors, rumors persist that the Army is losing its reputation as the most stable and non-corrupt part of Pakistani society. Boucher replied that there had been some grumblings from a few generals last fall about Musharraf, but that seems to have quieted down. Boucher told interlocutors that the Army was tired of being responsible for everything and wants to go back to just being in charge of the Army. Boucher remarked that this would be a healthy move for Pakistan.

Sri Lanka: Nothing to celebrate

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¶117. (C) The EU is very concerned about the rapid decline in democratic standards and the escalating violence that has impeded humanitarian support and access in Sri Lanka according to German EU presidency rep Bernd Borchard. The Government of Sri Lanka has put nothing forward to constructively address the humanitarian crisis -- as exemplified by the 200,000 internally displaced persons, he added. The EU is discussing the merits of sending a troika mission to the country to assess the situation on-the-ground, confirm support by the government and rebels for a peaceful solution, and communicate a strong message on democracy, human rights, and humanitarian aid and access.

¶18. (C) EU interlocutors did not believe the Sri Lankan Government was sensitive to economic pressure and recommended that Japan be convinced to be tougher in its bilateral dealings with them. Michaelis said Sri Lankan Foreign Minister Bogollagama was told the Government must engage in a political vice military solution to the crisis when he visited Berlin in February.

¶19. (C) Boucher said that a sound devolution of power proposal was critical to a peaceful resolution of the crisis. He urged continued pressure on the Government and the Liberation Tigers of Tamil Eelam. Boucher witnessed Sri Lankan President Rajapaksa's outspoken remarks on human rights at the recent South Asian Association for Regional Cooperation meeting in New Delhi, but said his actions do not match his oratory. The Government would be wise to consider attracting the Tamil community and bleeding support from the Tamil Tigers.

¶20. (C) Human rights monitoring might be appropriate and timely, suggested Commission rep Helen Campbell. Moderate Tamils are encountering trouble expressing themselves openly. Campbell raised the question whether it was now time for the Sri Lanka Co-Chairs group to meet. Boucher agreed there was a need for human rights monitoring, but said the most appropriate mechanism must first be identified. He suggested the Co-Chairs could perhaps come together informally in May or June, but without producing another Co-Chairs statement. Boucher added that increased security concerns in Sri Lanka currently mitigated serious consideration of a Millennium Challenge Account Threshold Program.

¶21. (C) Michaelis said he witnessed a Chinese "red carpet" treatment for Sri Lankan President Rajapaksa in Beijing in early March and queried whether the EU and U.S. should build increased cooperation with more Asian countries, including China, in order to press our policy approach. Boucher responded that Chinese representatives would travel to Washington in May or June to discuss South and Central Asia.

India: Active engagement on all sides

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¶22. (C) Both sides were optimistic about engagement with India and hoped that greater economic activity would enhance India's involvement in helping to resolve some of the more difficult issues evident in South Asia.

¶23. (C) On U.S.-India civil nuclear discussions, Boucher said the recent Nuclear Suppliers Group meeting in Capetown appeared to show that U.S.-India civil nuclear discussions were back on track. A bilateral agreement and Nuclear Suppliers Group consent remain to be finalized if U.S. Congressional consideration is anticipated prior to Fall ¶2007.

¶24. (C) Other areas in which the U.S. and India are engaged include defense and global peace efforts as well as education. Boucher outlined joint programs underway that

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might provide opportunities for India to support Afghan educational efforts -- in addition to sending students to India for study. Borchard observed that India appears to want to engage more actively as shown by its constructive engagement on Nepal and Sri Lanka.

¶25. (C) European Commission rep Jean-Christian Remond said the EU wants to engage more with India on regional issues and is increasing its activities, especially in the areas of science, technology, and education. The EU supports Millennium Development Goals through health and education, he added. Negotiations may lead to a Free Trade Agreement with India and the EU wants the Free Trade Agreement to lead to World Trade Organization Plus, which would cover more than

the existing Doha Development Agenda. Increased EU-India trade could positively result in drawing India further into the global political arena, Remond predicted. Borchard added that India will likely use the Free Trade Agreement for internal political leverage.

¶26. (C) Energy security and climate change will be priorities for EU-India Summit at the end of the year. Remond asked whether India's position in the world energy market would lead to harsh competition with China in world markets. Boucher responded that there could be increased India-China competition as occurred in some Central Asian countries.

¶27. (C) When asked if the U.S. was considering a Free Trade Agreement with India, Boucher responded that it was unlikely, due, in part, to agricultural policy differences. The U.S. will continue its CEO dialogue, which covers broad issues, including travel visas. India is aware of what is needed for responsible economic growth, but needs the political momentum to yield economic reform. "They know what is wrong," Boucher concluded.

¶28. (C) Council Rep Michael Swann asked whether growing tensions in India's poor Muslim communities represent a trend towards greater societal exclusion and if these tensions are cause for concern in light of upcoming elections. Boucher observed that India was very concerned about terrorism. We should, he urged, work closely with them. Poverty alleviation is an important issue, Boucher argued, and it is, therefore, imperative that market and technological changes and retail sector improvements take place in India in order to help address the problem. Boucher concluded by stating that the U.S.-India relationship is beyond government-to-government, and business, academic, and personal ties are quickly accelerating.

Bangladesh: Concerns remain

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¶29. (C) Bangladesh's porous borders contribute to illicit activities, and some members of the ruling party gain from these activities, posited Borchard. In addition, the lack of legitimacy of the caretaker government added to the country's problems. An EU regional troika mission will be sent to Bangladesh to urge the government to demonstrate greater progress in the areas of human and civil rights. The timing of elections remained outstanding, he said. Boucher recently met with Bangladesh's Chief Advisor and communicated U.S. support for a sound election and the critical need for transparency. Boucher advised EU reps to be alert to any signs the caretaker government is "settling in."

¶30. (C) Commission rep Campbell said the EU has suspended its agreement with Bangladesh and wants to see a clear "road map" on the political process. She noted the EU had heard reports of 100,000 detainees and deaths under torture (Note: Boucher later corrected these estimates). Campbell was concerned that there existed a great deal of public and civil society tolerance for the caretaker government. On a positive note, she added she was impressed with on-the-ground cooperation between the EU and U.S., which she characterized as excellent.

Nepal: Getting better

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¶31. (C) Assistant Secretary Boucher led the discussion by noting the situation remains somewhat precarious, but there is political movement forward. The Government has not adequately addressed concerns by southerners and, while the Maoists are participating in the political process, they have

¶32. (C) Borchard said the EU was somewhat optimistic about progress in Nepal and was not alarmed by postponement of the elections, as it believed the Nepalese agenda was "over-eager." A revised EU approach was not needed, although continued observation of the Maoists and their actions was required, he thought.

¶33. (C) The EU will likely send an electoral observation mission. EU reps questioned whether the U.S. would send a similar mission. A/S Boucher indicated there would be U.S. observers and recommended U.S.-EU coordination in Kathmandu.

¶34. (C) In response to a question on whether the U.S. would contribute to either of two peace funds put forward by Nepal and the UN, A/S Boucher noted the U.S. contributes approximately 40 million dollars in aid to Nepal, and it was not clear there would be a contribution to a peace fund. EU interlocutors concluded the discussion by stating that relations between the EU and Nepal were back to normal after the suspension of their Joint Cooperation Agreement. EU contributions planned for the period 2007-10 would approximate 60 million Euros over four years.

Regional cooperation in Asia

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¶35. (C) Boucher encouraged support to SAARC, given the possibilities of South Asian and intra-regional free trade, although he recognized SAARC accomplishments over the past 20 years could be characterized as minimal.

¶36. (U) This cable has been cleared by the Bureau of South and Central Asian Affairs.

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